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Report Highlights: MY 2000/01 Brazilian coffee production forecast remains unchanged at 28.1 million bags, up 500,000 bags from previous season. Domestic coffee consumption for MY 2000/01 is forecast at 13.1 million bags, up 300,000 bags from previous MY, due to expected good prospects for the period. ATO/São Paulo forecasts Brazilian coffee exports for MY 2000/01 at 16.9 million bags, down 1.4 million bags from revised MY 1999/00 estimate. Green exports are likely to contribute 15 million bags due to the lower availability of the product as well as the expected retention program set on May 19 by the Association of Coffee Producing Countries (ACPC).

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

São Paulo [BR3], BR

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Executive Summary

Marketing Year (MY) 2000/01 (July-June) Brazilian coffee production forecast remains unchanged at 28.1 million bags (60 kilograms per bag), green equivalent, up 500,000 bags from MY 1999/2000. The ATO/São Paulo estimate for MY 1999/00 (Jul-Jun) total domestic consumption remains unchanged at 12.8 million bags (60 kg, green equivalent), with soluble coffee contributing 500,000 bags. Domestic coffee consumption for MY 2000/01 is forecast at 13.1 million bags, up 300,000 bags from previous MY, due to expected good prospects for the period.

ATO/São Paulo forecasts Brazilian coffee exports for MY 2000/01 at 16.9 million bags, down 1.4 million bags from revised MY 1999/00 estimate. Soluble coffee exports are likely to remain stable at 1.9 million bags, green equivalent. Green coffee exports are likely to contribute 15 million bags due to the lower availability of the product as well as the expected retention program set on May 19 by the Association of Coffee Producing Countries (ACPC). Carry-out stocks for MY 2000/01 are forecast at 5.45 million bags, down 26 percent from previous season, due to lower beginning stocks.

PS&D Table

PSD Table						
Country	Brazil					
Commodity	Coffee, Green		(1000 HA)(MILLION TREES)(1000 60 KG BAGS)			
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin	07/1998		07/1999		07/2000	
Area Planted	2240	2397	2240	2448	0	2488
Area Harvested	1990	1990	1990	2006	0	2055
Bearing Trees	3330	3330	3330	3485	0	4015
Non-Bearing Trees	939	1260	940	1435	0	1385
TOTAL Tree Population	4269	4590	4270	4920	0	5400
Beginning Stocks	11278	11278	11470	11470	7362	7361
Arabica Production	30600	30600	22400	22900	0	21800
Robusta Production	5000	5000	4100	4100	0	6300
Other Production	0	0	0	0	0	0
TOTAL Production	35600	35600	26500	27000	0	28100
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	46878	46878	37970	38470	7362	35461
Bean Exports	21200	21200	16000	16400	0	15000
Roast & Ground Exports	8	8	8	9	0	10
Soluble Exports	1700	1700	1800	1900	0	1900
TOTAL Exports	22908	22908	17808	18309	0	16910
Rst,Ground Dom. Consum	12000	12000	12300	12300	0	12600
Soluble Dom. Consum.	500	500	500	500	0	500
TOTAL Dom. Consumption	12500	12500	12800	12800	0	13100
Ending Stocks	11470	11470	7362	7361	0	5451
TOTAL DISTRIBUTION	46878	46878	37970	38470	0	35461

Production

General

The Agricultural Trade Office (ATO)/São Paulo Brazilian coffee production forecast for Marketing Year (MY) 2000/01 (July-June) remains unchanged at 28.1 million bags (60 kilograms per bag), green equivalent, up 600,000 bags from MY 1999/2000. “Arabica” coffee production is forecast at 21.8 million bags, while “robusta” production is forecast at 6.3 million bags (refer to BR0005 to further information). The table below shows the coffee production forecast by state and variety of coffee for MY 2000/01, as well as coffee production estimates for MY 1996/97 to 1999/00.

Brazilian Coffee Production (Million 60-kg bags)					
State/Variety	MY 1996/97	MY 1997/98	MY 1998/99	MY 1999/00	MY 2000/01
Minas Gerais	14.20	10.70	18.95	13.95	12.80
Southwest	7.0	5.5	10.75	8.00	6.20
Central-west	4.2	2.9	4.10	3.10	2.90
Southeast	3.0	2.3	4.10	2.85	3.70
Espirito Santo	5.6	4.0	5.35	4.00	6.80
Arabica	1.8	1.2	2.15	1.60	2.40
Robusta	3.8	2.8	3.20	2.40	4.40
São Paulo	3.5	3.0	4.20	3.50	2.50
Parana	1.5	2.5	3.20	2.60	2.20
Others	3.2	3.3	3.90	2.95	3.80
Arabica	1.7	1.8	2.10	1.25	1.90
Robusta	1.5	1.5	1.80	1.70	1.90
Total	28.0	23.5	35.60	27.00	28.10
Arabica	22.7	19.2	30.60	22.90	21.80
Robusta	5.3	4.3	5.00	4.10	6.30

The harvest season has already begun, especially for “robusta” producing regions in Espirito Santo. As reported by technicians, the start of harvest in “arabica” coffee areas is likely to be delayed 10-20 days, due to the severe drought condition that occurred during October and November 1999. The bulk of “arabica” production should start being harvested mid-June. Current low temperatures have also slowed fruit maturation. The 2000 crop is likely to yield a good quality product, since fruit maturation is relatively uniform resulting from two major blooms.

Crop Area and Tree Population

ATO/São Paulo forecast for MY 2000/01 area planted to coffee remains unchanged at 2.488 million hectares (ha.). Harvest area is forecast at 2.055 million ha., up 2.5 percent from previous MY (2.006 million ha.), while new plantings

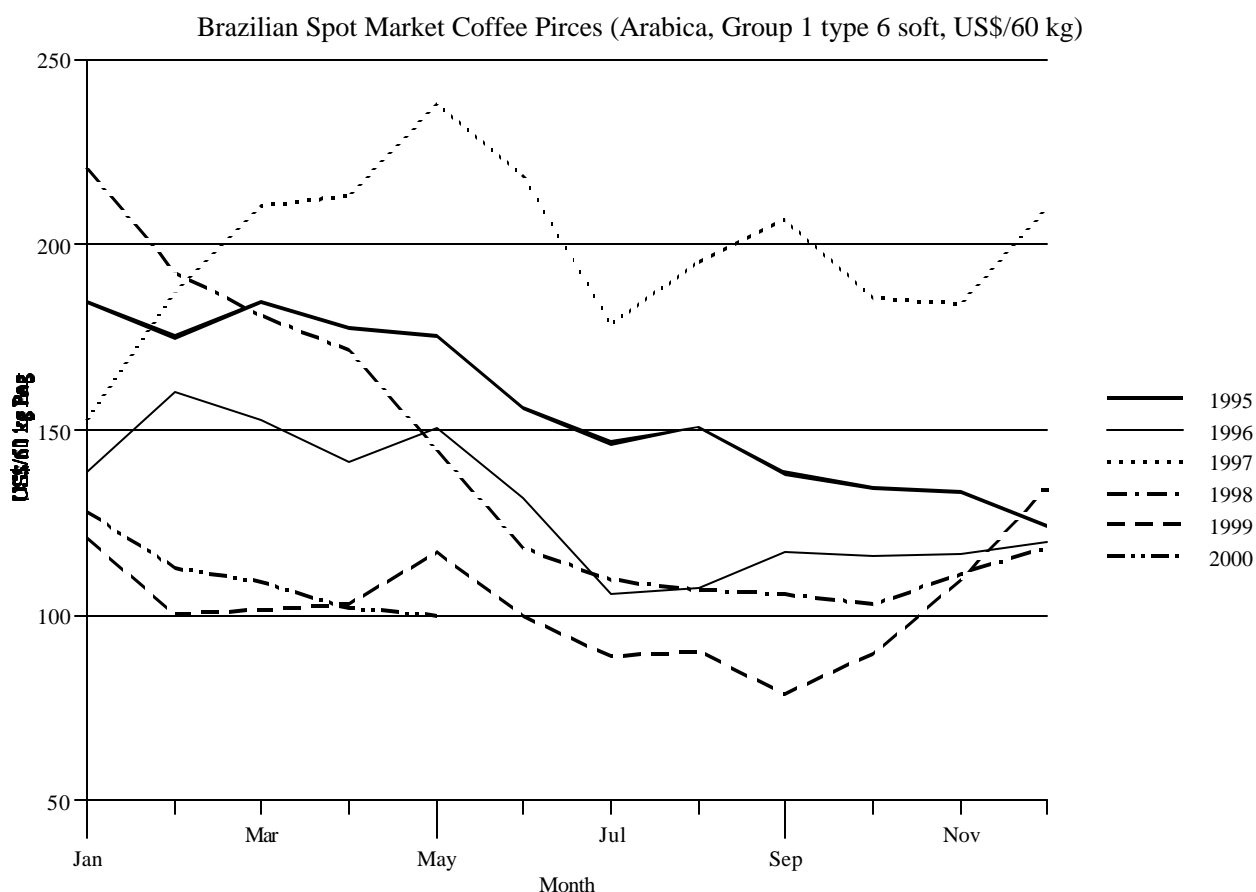
should contribute 433,000 ha., down 9,000 ha. from previous season. Tree population for MY 2000/01 is forecast at 5.4 billion trees, up 10 percent from previous season. Bearing trees should account for 4.015 billion trees, a 15 percent increase compared to MY 1999/2000. Refer to BR0005 for further information.

Yields

Brazilian average coffee yield for MY 2000/01 is forecast at 13.67 bags (60 kg) per ha., quite similar to the MY 1999/2000 coffee yield estimate (13.46 bags per ha.). The severe drought that occurred in October and November 1999 has negatively impacted the initially expected high yield potential for the 2000/01 crop.

Coffee Prices in the Spot Market

The figure below shows average coffee prices in the spot market since 1995. Relatively low prices during the initial months of year 2000 has led producers to advocate a coffee retention program to build stocks, thus controlling market supply (see Trade, Exports).



Source: Rio de Janeiro Coffee Commercial Center. // May 2000 price refers to May 19.

Organic Coffee

According to the Brazilian Organic Coffee Association (ACOB), Brazilian organic production is estimated at 40,000 60 kg bags for MY 1999/00, up 17,000 bags from previous MY. Organic coffee production for MY 2000/01 is forecast at 60,000 bags. Organic products is a growing niche market in Brazil and worldwide. Most Brazilian organic production is exported, mainly to Japan and Germany. Currently, there are 8 Brazilian coffee roasters producing organic ground coffee.

Consumption

In spite of the economical turmoil in 1999, led by the devaluation of local currency, the Real (R\$), in January 1999 and initial expectations for higher inflation and a drop in per capita income, the Brazilian economy did relatively well. The growth rate of the Brazilian gross domestic production (GDP) for 1999 is estimated at 0.92 percent, contrary to preliminary figures forecasting negative growth for the year. Coffee roasters' performance was similar to 1998 and industry income in 1999 was approximately R\$ 2.8 billion (US\$ 1.55 billion). The ATO/São Paulo estimate for MY 1999/00 (Jul-Jun) total domestic consumption remains unchanged at 12.8 million bags (60 kg, green equivalent), with soluble coffee contributing 500,000 bags.

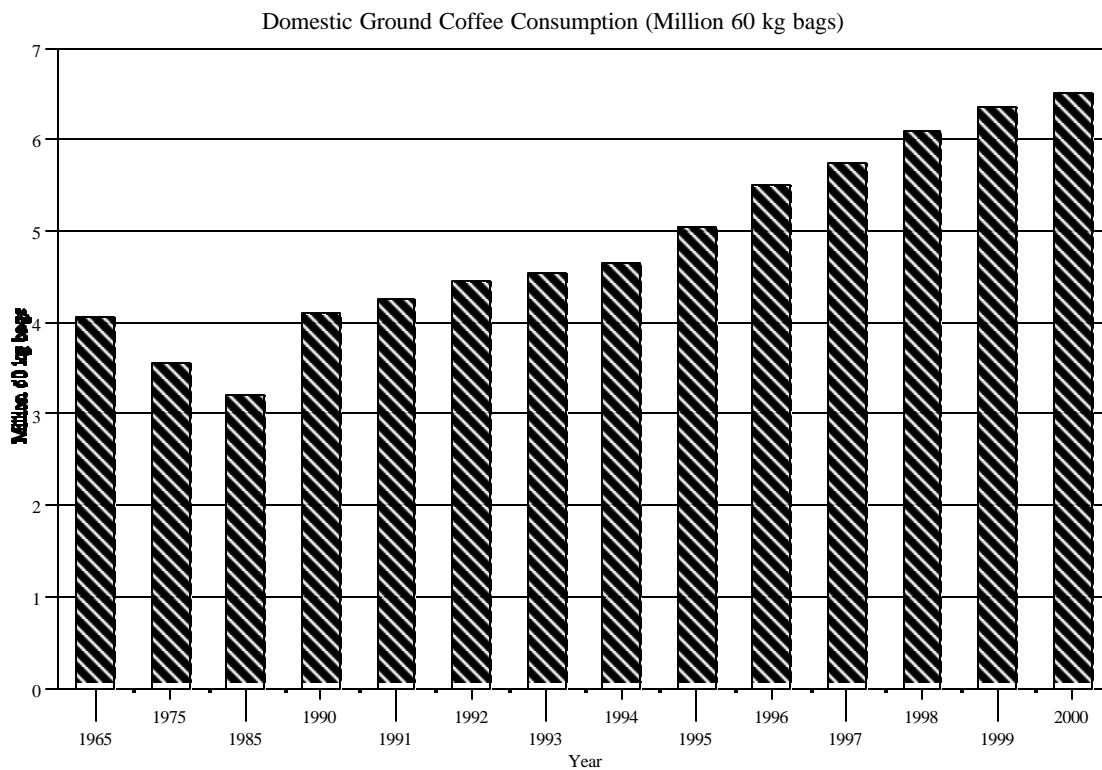
Domestic coffee consumption for MY 2000/01 is forecast at 13.1 million bags, up 300,000 bags from previous MY, due to expected good prospects for the period. Domestic soluble coffee consumption should remain stable at 500,000 bags, green equivalent. The growth rate of Brazilian GDP is forecast at 4 and 4.5 percent for years 2000 and 2001, while inflation rates are expected to drop from 8.4 in 1999 to 6 and 4 percent, respectively, thus supporting projections for increased coffee consumption.

Led by the Brazilian Coffee Industry Association (ABIC), coffee roasters have developed new products, marketing efforts and other related campaigns since 1990 to promote the growth of domestic consumption. The recovery of costumers who had shifted their consumption to yogurt and chocolate beverages was set as the initial target for the sector. Roasters developed new products and new blends and invested in plants and creation of new markets.

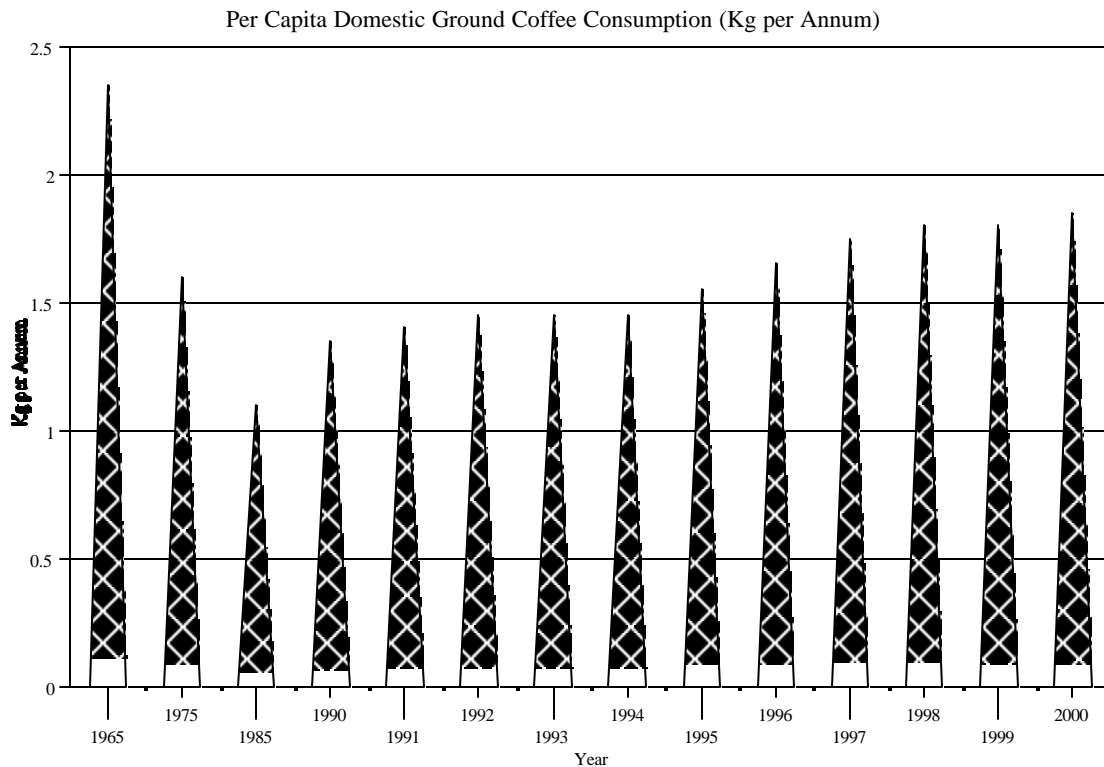
Concurrently, other innovation took place including coffee producers significantly improving raw material quality, the coffee bean itself, thus providing a better input product to ground coffee manufacturing; a partnership was set between coffee roasters and related industries such as machinery, packaging and service; and, Coffee Centers were created to train food service professionals on how to prepare high quality coffee.

Currently, Brazilian consumers can find a large selection of roasted coffee beans, ground coffee, coffee beverages (traditional coffee, espresso, cappuccinos, coffee shakes, etc.) and other related products (coffee candies, coffee chocolates, etc.) in the market. The spread of coffee shops during the nineties through out Brazil leveraged alternative ways and locations to consume coffee.

The figures below show the annual increase in overall and per capita coffee consumption during the last decade, according to data provided by ABIC. The initial three sets of numbers refer to 1965 (the peak year for per capita coffee consumption), 1975 and 1985 (the lowest consumption for the past decades).

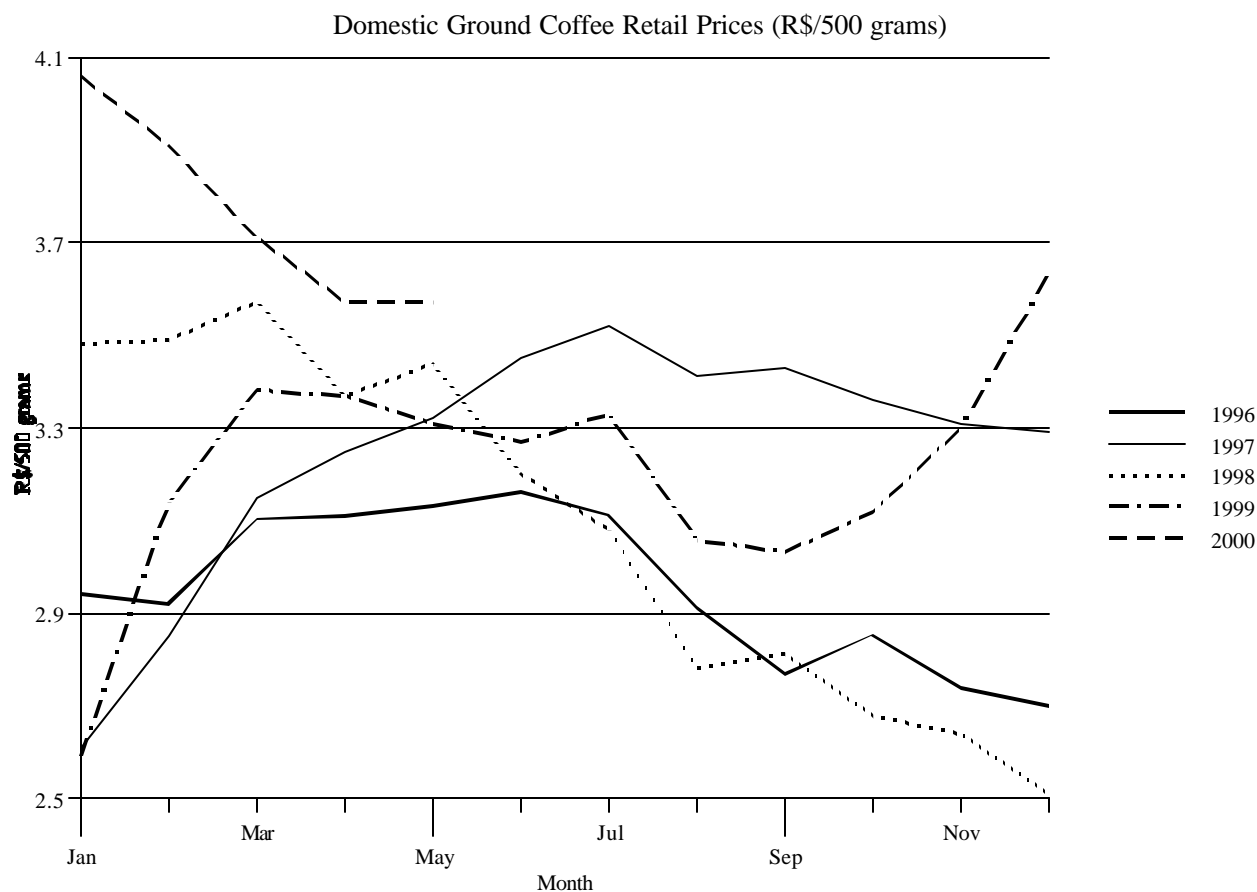


Source: Brazilian Coffee Association



Source: Brazilian Coffee Association

Average monthly prices for ground coffee sold in the domestic market follows. Note that domestic prices for 1999 and initial months of 2000 are higher compared to 1998 due to lower availability of the product and the expected drop in output for the current crop (MY 2000/01). Price levels did not increase during 1999 due to anti inflationary pressure from big retail food chains.



Source: Coffee Business // April 2000 price is April 28 and May 2000 price is May 19.

Trade

Exports

MY 1999/2000

ATO/São Paulo revised the MY 1999/2000 (Jul-Jun) Brazilian coffee exports estimate to 18.3 million bags (60 kg, green equivalent), up 500,000 bags from previous figure, due to updated information from trade sources. Coffee bean exports should contribute 16.4 million bags, while soluble exports accounting for 1.9 million bags, green equivalent.

According to official data provided by the Brazilian Secretariat of Foreign Trade (SECEX), total green exports (NCM 0901.11.10) for 1999 were approximately 1.27 million metric tons (approximately 21.19 million bags). Green exports for MY 1999/2000 (Jul/Mar) amounted to 860,508 metric tons (14.34 million bags), down 13.5 percent from the same period for MY 1998/99 (16.57 million bags). Roasted coffee (NCM 0901.21.00) exports for 1999 are reported at 579.2 metric tons. SECEX data indicates roasted coffee exports for MY 1999/2000 (Jul-Mar) at 532.7 metric tons, up 32 percent from the same period for MY 1998/99. The table below shows green exports by country of destination, as reported by SECEX.

Brazilian Green Coffee Exports by Country of Destination (NCM 0901.11.10, metric tons, US\$ 1,000).						
Country	1999		MY 1998/99 1/		MY 1999/2000 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	281,772	469,317	207,229	383,269	186,124	311,474
Germany	240,169	446,032	177,108	359,788	165,183	302,719
Italy	99,485	192,621	85,469	178,552	71,193	138,207
Japan	93,510	182,725	73,176	160,027	65,907	128,414
Belgium	57,866	105,191	47,362	92,655	36,404	65,171
Spain	46,385	78,503	34,520	67,100	28,390	47,725
France	43,869	80,643	30,940	60,524	30,542	55,776
Slovenia	43,666	65,537	36,515	65,169	34,481	49,746
Netherlands	36,647	65,975	27,455	53,637	23,092	40,244
Sweden	36,592	65,996	26,747	52,843	26,162	46,249
Greece	35,158	52,586	28,523	51,331	24,911	36,851
Others	256,316	424,985	218,906	411,267	168,119	275,616
Total	1,271,434	2,230,111	993,951	1,936,161	860,508	1,498,194
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ July-March.						

Monthly coffee export data – quantity and value – for 1999 and 2000 (Jan-Apr), as reported by the Brazilian Green Coffee Exporters Council (CECAFE) and the Brazilian Soluble Coffee Association (ABICS), follow.

Brazilian Monthly Coffee Exports for 1999 and 2000 (60 kg bag, green equivalent).						
Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jan-99	107,948	1,300,406	67	1,408,421	136,498	1,544,919
Feb-99	333,235	1,517,846	29	1,851,110	162,609	2,013,719
Mar-99	259,442	1,826,439	1,005	2,086,886	190,074	2,276,960
Apr-99	112,044	1,658,824	--	1,770,868	133,497	1,904,365
May-99	198,736	1,407,250	--	1,605,986	109,271	1,715,257
Jun-99	158,253	1,452,811	203	1,611,267	124,346	1,735,613
Jul-99	243,532	1,281,582	--	1,525,114	140,144	1,665,258
Aug-99	270,293	1,532,662	395	1,803,350	168,928	1,972,278
Sep-99	248,685	1,692,334	--	1,941,019	223,520	2,164,539
Oct-99	162,985	1,653,309	600	1,816,894	196,686	2,013,580
Nov-99	109,246	1,791,646	--	1,900,892	172,237	2,073,129
Dec-99	101,966	1,635,254	570	1,737,790	202,881	1,940,671
Dec-99	29,916	1,053,264	194	1,083,374	105,184	1,188,558
Jan-00	24,925	1,307,077	616	1,332,618	153,575	1,486,193
Mar-00	28,008	1,105,711	n/a	1,133,719	117,774	1,251,493
Apr-00	11,319	1,168,051	n/a	1,179,370	159,797	1,339,167
Source: CECAFE and ABICS.						
Note: April figures are preliminary.						

Brazilian Monthly Coffee Exports for 1999 and 2000 (US\$ 1,000).						
Month	Conillon	Arabica	Roasted	Total Green	Soluble	Total
Jan-99	10,871	157,335	20	168,226	17,498	185,724
Feb-99	33,930	173,564	3	207,497	20,104	227,601
Mar-99	23,850	201,860	167	225,877	22,507	248,384
Apr-99	9,806	183,837	--	193,643	16,304	209,947
May-99	16,156	152,445	--	168,601	14,317	182,918
Jun-99	12,861	165,581	34	178,476	13,991	192,467
Jul-99	18,027	145,336	--	163,363	15,399	178,762
Aug-99	19,744	161,143	42	180,929	19,526	200,455
Sep-99	18,059	166,841	--	184,900	23,969	208,869
Oct-99	11,647	154,453	82	166,182	21,152	187,334
Nov-99	8,240	177,096	--	185,336	17,529	202,865
Dec-99	8,139	189,236	65	197,440	21,488	218,928
Dec-99	2,230	129,648	19	131,897	11,973	143,870
Jan-00	1,887	155,393	53	157,333	15,696	173,029

Mar-00	n/a	n/a	n/a	125,173	n/a	n/a
Source: CECAFE and ABICS.						

MY 2000/01

ATO/São Paulo forecasts Brazilian coffee exports for MY 2000/01 (Jul-Jun) at 16.9 million bags, down 1.4 million bags from previous season. Soluble coffee exports are likely to remain stable at 1.9 million bags, green equivalent. Green coffee exports are likely to contribute 15 million bags due to the lower availability of product, as well as the expected retention program set by the Association of Coffee Producing Countries (ACPC).

On May 19, ACPC members and other producing countries agreed to a coffee retention program that should start on June 16, 2000, and last two years. The program will include Mexico, Guatemala, Vietnam, Honduras and Nicaragua, in addition to ACPC members. The volume to be withheld by producing countries will be 20 percent of their export quota. The trigger price is set at US\$ 0.95 per pound, according to the International Coffee Organization (ICO)'s compound price. Producing countries will hold stocks for prices varying between US\$ 0.95 and 1.05 per pound. After the second trigger price, set at US\$ 1.05 per pound, is reached, remaining stocks may be released to the market. Participants are scheduled to meet every three months to reassess the program. Producing countries have not yet defined how to finance the program.

Brazil will be the first country to initiate the retention scheme since the Brazilian harvest season has already begun. The volume of coffee to be retained can reach 3 million bags. According to the Government of Brazil (GOB), program financing has not yet been set but should not be a problem. The Coffee Defense Fund (FUNCAFE) has R\$ 700 million (approximately US\$ 385 million) on hand, plus funds coming from amortization and coffee auctions. GOB has reported that the retention program will commit coffee type 6, soft, which is the export type.

Coffee exporters show different reactions to the program and the Brazilian Green Coffee Exporters Council (CECAFE) did not reach a consensus regarding the retention policy. Some exporters advocate the institution abandoning its representation on the Brazilian Coffee Policy Council ("Conselho Deliberativo de Política Cafeteira" – CDPC), as, in their opinions, CECAFE concerns are not taking into account. CECAFE has also protested GOB action to restrict selling registrations for shipment to the current month. A couple of months ago registrations could be done for the current month plus 60 days.

Soluble Coffee

According to data reported by the Brazilian Soluble Coffee Industry Association (ABICS), soluble exports for 1999 are 117,767 metric tons, green equivalent, up 17.2 percent compared to 1998 (100,420 metric tons). Export value is estimated at US\$ 225.8 million, down 14 percent from previous year. The lower export value still reflects Russian economic problems, a major Brazilian soluble coffee importer, and reduced competitiveness of local companies, due to higher prices of local coffee compared to other exporting countries.

ABICS claims that the legislation relative to drawback operations, dating back to the 1930's, should be revised to support "robusta" imports at competitive prices. The institution also complains about the 10.5 percent import duty set

by the European Union to Brazilian soluble coffee, while countries such as Colombia and Ecuador are exempted from the tariff.

According to ABICS, the 1999 Chinese Government decision to reduce the Brazilian soluble coffee import tariff from 67 to 30 percent might support soluble exports in the long-term. In the short-term, ABICS forecasts that soluble coffee exports for 2000 should repeat the 1999 results (approximately 117,000 metric tons, green equivalent), but export values could increase to US\$ 270 million, due to expected better prices.

According to data provided by ABICS, Brazilian soluble coffee exports for 1999/2000 (Apr/Mar period) is 105,050 metric tons, green equivalent, up from 103,485 metric tons for 1998/99 (Apr/Mar). The United States was the major importer (25,316 metric tons), surpassing Russia. Ukrainian imports increased 121 percent to 11,970 metric tons, the highest growth rate for the period. The table below shows soluble exports – quantity and value – for 1995 through 1999.

Brazilian Soluble Coffee Exports (Metric tons, green equivalent, US\$ 1,000).		
Year	Quantity	Value
1995	161,554	489,725
1996	151,676	402,266
1997	140,977	370,994
1998	100,420	260,958
1999	117,767	225,763
Source: ABICS.		

Imports

According to SECEX, Brazilian coffee imports for 1999 were approximately 92.5 metric tons (1,541 bags) for roasted coffee (NCM 0901.21.00). No significant imports are expected for MY 2000/01.

Stocks

ATO/São Paulo estimate for MY 1999/00 ending stocks remains unchanged at 7.36 million bags (60 kg, green equivalent). The upward revision in the production figure is balanced by increased exports. Carry-out stocks for MY 2000/01 are forecast at 5.45 million bags, down 26 percent from previous season due to lower beginning stocks.

The GOB has continued the monthly auction policy through the Ministry of Agriculture and Supply/Coffee Department (MAA/DECAF). Cumulative sales for MY 1999/2000 (Jul/May) are approximately 1.74 million bags, up 26 percent compared to the same period for MY 1998/99. Cumulative sales account for approximately 87 percent of total quantity offered in the auctions. As of April 30, the level of Government stocks is estimated at approximately 6.86 million bags. The table below shows monthly volumes offered and negotiated through GOB coffee auctions.

Auctions of the Brazilian Government Coffee Stocks, 1999/2000 (60 kg bags, US\$/bag).			
Date	Quantity Offered	Quantity Sold	Auction Price R\$
14-Jul	200,000	199,541	123.35
04-Aug	130,000	127,910	124.18
10-Aug	180	180	140.00
15-Sep	130,976	124,159	125.14
06-Oct	130,306	128,962	127.33
10-Nov	174,505	170,876	157.64
29-Nov	249,238	249,238	155.85
22-Dec	195,100	120,860	158.76
12-Jan	150,100	141,560	162.25
27-Jan	150,000	76,718	153.07
23-Feb	180,005	91,024	136.26
22-Mar	100,446	97,074	144.21
19-Apr	101,100	100,723	141.34
24-May	110,111	109,337	155.12
Cumulative	2,002,067	1,738,162	
Source: Ministry of Agriculture & Supply (MAA)/Coffee Department (DECAF).			

The monthly coffee distribution linked to Brazilian cooperatives for MY 1999/00 (Jul/Jan) follows. Coffee stocks held by cooperatives are approximately 4.25 million bags on January 31. As reported by the National Coffee Council (CNC) on February 18, the release of coffee delivery and ending stock figures is temporarily suspend. CNC members will meet in May 31 to review the policy of disclosing cooperative coffee stocks. Unofficial estimate conducted by the Brazilian newsletter "Coffee Break" reported that on April 18, coffee stocks held by Brazilian cooperatives were approximately 3 million bags. The survey included 59 cooperatives and information provided by 56 of them accounted for 2.26 million bags. Three major coffee cooperatives would not disclose their figures.

Monthly Coffee Distribution of Brazilian Cooperatives (60-kg bags, MY 1999/00 - Jul/Jun).				
Month	Beginning Stocks	Deliveries	Sales	Ending Stocks
July	2,150,872	2,030,895	634,351	3,547,416
August	3,547,416	2,598,874	899,995	5,246,295
September	5,246,295	1,499,700	953,796	5,792,199
October	5,792,199	587,154	886,523	5,492,830
November	5,492,830	303,120	774,644	5,021,306
December	5,021,306	215,174	619,133	4,617,347
January	4,617,347	100,117	472,322	4,245,142
Cumulative		7,335,034	5,240,764	
Source: National Coffee Council (CNC).				

Policy

Last February, the Brazilian Coffee Policy Council (“Conselho Deliberativo de Política Cafeteira”- CDPC) set the rules for the soluble coffee program to support industry competitiveness. The soluble coffee industry will be granted a loan of 840,000 coffee bags (70,000 bags per month) from the Coffee Defense Fund (FUNCAFE). Each company will have a 3-year term to payback the grant. Payment will be in product and should be of the same type, but from new crop. According to the Ministry of Agriculture (MA), 20 percent of the total amount granted should be delivered to the GOB warehouses in the first year, whereas the reminder should be delivered equally during the second and third years. On March 21, the MA released supplies to be granted to eight soluble coffee companies.

On April 11, the CDPC approved a R\$ 150 million (US\$ 83 million) credit line to finance harvesting operations for the current season. Each producer is eligible to R\$ 700 per hectare at an interest rate of 9.5 percent per year. Money will be available to producers according to the beginning of the harvest season: Espírito Santo producers are eligible to get 60 percent of the loan in April and the remaining 40 percent in May/June. Regions with harvest beginning in May can get 60 percent of the loan in May and the reminder in July/August. Late harvesting regions are eligible for 60 percent of the total in August and 40 percent in September/November. Producers will be allowed to pay their debts in two terms, 60 days after getting the grant and 30 days after first payment.

Last April, the Governor of the state of Mato Grosso, a state with no tradition in coffee production, announced that tax benefits might be given to coffee producers installing operations in that state. The state government has studied the possibility of giving a 75 percent exemption of the value added tax (“Imposto sobre Circulação de Mercadorias”- ICMS) to producers. The announcement is a good example of the current “tax war” occurring among states intended to increase industrial and agricultural production in their respective states.

Marketing

Last April, the Specialty Coffee Association of America (SCAA) promoted the 12th Coffee Show and Conference in San Francisco, CA. The Brazilian representation included approximately 200 representatives from producers to exporters. The Brazilian Minister of Agriculture was invited for the opening. Since Brazil was chosen as the theme for the annual conference, briefings about Brazilian coffee production were given to participants, focusing the great variety and quality of Brazilian coffee. All producing regions, industry and exporter associations were represented.

The Brazilian Specialty Coffee Association reported that currently, Brazil produces about 300,000 bags of high quality coffee for gourmet markets. The Association intends to double the volume of such coffees within two years.

Next September, Brazil will officially launch a program to promote coffee exports to China, under the supervision of the Brazilian Cooperatives Organization (OCB). The program is named “Projeto Cafeteira do Brasil” and includes research to develop coffee blends for the Chinese taste. In addition, marketing campaigns such as distribution of 240 to 300 thousand cups of coffee samples per day in the four major Chinese cities, and educational information in Chinese airline flights, bars and restaurants will be undertaken. The program also intends to inform Chinese consumers about the Brazilian product by publishing coffee articles in local newspapers. Other markets such as Taiwan, Singapore and South Korea could also be included in the project.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)						
Month	1995	1996	1997	1998	1999	2000
January	0.84	0.98	1.05	1.12	1.92	1.80
February	0.85	0.98	1.05	1.13	2.03	1.77
March	0.90	0.99	1.06	1.14	1.77	1.75
April	0.91	0.99	1.06	1.14	1.66	1.81
May	0.90	1.00	1.07	1.15	1.72	1.83
June	0.91	1.00	1.08	1.16	1.77	--
July	0.94	1.01	1.08	1.16	1.79	--
August	0.95	1.02	1.09	1.18	1.81	--
September	0.95	1.02	1.10	1.19	1.92	--
October	0.96	1.03	1.10	1.19	1.95	--
November	0.97	1.03	1.11	1.20	1.92	--
December	0.99	1.04	1.12	1.21	1.79	--
1/ Exchange rate of May 30.						